

have been the case. The scale proposed by the syndicate was the scale of royalties laid down by the original agreements, plus 20 per cent. The 20 per cent. increase was to commence in 1936, and on that increase taking effect the value of the timber to the Native owners would have been about £15 an acre, or the equivalent of 1s. per 100 log feet.

*Mr. Williams.*] What time had they to complete the arrangements?—Six months from the date when the Government gave its consent to the syndicate's project.

*Mr. Langstone.*] Do you say that there was £300,000 of capital?—Yes, there was. Actually £240,000 had been subscribed. I have evidence of that, which I will put in later.

Were they not going to sell debentures?—The method adopted by the syndicate for raising its capital of £300,000 was to divide that capital into fifty shares or blocks of £6,000, and to get sound business men to take up the blocks. Of the £300,000 no less than £240,000 was actually taken up in that way. I will put in formal evidence on that point later.

Apart, however, from these considerations, it is contended by the interested parties that, as the Native owners (who owned the greater part of the territory) had themselves approved the project, and in the light of the hotchpotch above described, the Crown should have followed the lead of the Native owners, and given its consent to the project. As it did not do so, the interested parties hold that the Government is morally responsible for all the consequences of its failure to consent to the project, and among these consequences is the loss to the interested parties of the benefits which they would have derived from the project.

In the face of all that has been written above, it would seem that there is much in the view held by the interested parties that they are morally and equitably entitled to a certain measure of recognition for their claims at the hands of the Government, and, assuming that they are justified in holding that view, the question is, what should that measure of recognition be? Under are proposals which answer that question, and at the same time afford a satisfactory solution to the problem presented by the claims. As the loss of the benefits of the project constitute the main and final ground on which the parties base their claim for recognition, the terms of that project are made the basis of the proposals.

Incidentally, there is another reason, which I have already mentioned, why the project should be made the basis of the settlement, and that is, by virtue of the resolutions passed by the Natives, the project was in effect an ultimatum to the company and its connections. My memorandum continues—

*Part II.—Proposals whereunder the Crown will acquire the Tongariro Timber Territory and settle with all Interested Parties.*

1. *The General Proposition.*—The general proposals are that the Crown should—

- (1) Acquire the outstanding Native interests in the timber:
- (2) Settle with the interested parties in manner described below, due provision being made for the legitimate profit of the Crown:
- (3) Deal with the timber on the lines which will be indicated in Part III of this memorandum so as to enable the Crown to meet the commitments of the proposition and, at the same time, and ultimately, give it a reasonable profit on the undertaking:
- (4) Provide the road access previously described, in order to enable the Crown to secure full value for and deal with the timber in the manner suggested.

As I have pointed out in Part I, the cost of constructing the proposed road access would not exceed £40,000.

*Hon. Sir Apirana Ngata.*] Where is that access from?—From a point near Lake Roto-Aira—at a place called Otoukou. It will branch off somewhere about the post-office at Otoukou, and run due north up the valley that I described a little while ago.

*Mr. Langstone.*] What about the position near Kakahi?—The access to that will be from Kakahi. It comes within three miles of Kakahi, so it is already provided with access. Then I proceed—

*The Native Owners.*—The proposal is that the Native timber be acquired by the Crown at the flat rate of 1s. per 100 log feet. This is the price they would have secured under the Duncan project, and they cannot conscionably be asked to accept anything less than that.

*Hon. Sir Apirana Ngata.*] In what year?—Over the whole period, but not in the first few years. In addition to their royalties, the Native owners would have received 120,000 out of 300,000 fully paid-up shares in the new company, and it was estimated that the dividends from these shares would be equivalent to at least another 8d. per 100 log feet.

The price proposed is 1s. 4d. per 100 ft. under the value (3s. per 100 log feet) ascribed above to the timber; but it must be remembered that the proposal is that the timber be taken over as it stands, and with present means of access. It must also be remembered that the timber would only have a value of 3s. per 100 log feet if treated as one big proposition under one administration. Being the unwieldy body that they are, and having regard to their diversity of interests and opinions which actually exists among them, it is obvious that the Native owners could not give the timber the treatment mentioned, and 1s. 8d. per 100 ft. is probably the maximum price that they, as a body, could obtain if they were handed back the timber and left to their own devices. Furthermore, it is only fair that the Crown should be left with a reasonable margin for the provision of access, for its expenses and legitimate profit, and for the other purposes of which mention will be made later.

*Hon. Sir Apirana Ngata.*] At the end of your Part I you speak of the measure of recognition. Do you emphasize that that recognition be at the hands of the Government?—I do. Most certainly it should not be at the hands of the Native owners. The proposition is that the Native owners should get the full value of their timber, and the value to them of the timber to-day is 1s. 8d. per 100 log feet.

That is, net to them on any claim that may be recognized as the result of this inquiry?—Yes. The Government should recognize the claim out of the gross legitimate profits it makes on the purchase from the Native owners.

*Mr. Langstone.*] Because of the Government interference?—Yes. Because it is recognized that the Government has interfered, and stopped the Duncan Syndicate from operating?—That is so.

Whether the Government makes a profit or not?—I do not say that. You cannot expect the Government to come into it without being reasonably assured of a profit.